

## Contracting or Subcontracting Out Project Work

Part of the negotiated scope of work in the executed agreement between the State Water Board and the grant recipient may include work on the project that is contracted or subcontracted out.

Since the State Water Board awards grants through a formal agreement process, any portion of work on the project that will not be completed by employees of the grant recipient may be contracted out. The selected contractor may in turn subcontract out a portion of the work.

The grant recipient must follow their own Board's adopted resolution or policy for the competitive bidding, sole source, and contract award process. Subcontractors must also adhere to their own agency's written policy for the competitive bidding, sole source, and contract award process. State agencies must comply with the Department of General Services (DGS) Contract Manual. If an agency does not have written policy to award contracts through a competitive bidding or sole source process, the DGS Contract Manual rules must be followed.

DGS Contract Manual is available on-line at <http://www.ols.dgs.ca.gov/Contract+Manual/default.html>. Chapter 2, section 2.04 contains an overview of the State contracting process and describes issues such as bidding method process, competitive solicitation process, award process, and inclusion of process to facilitate measurement of achievement and measurement of contractor performance. Section 2.05 lists the elements of a valid contract.

The following issues pertain specifically to the grant agreement between the State Water Board and the grant recipient:

1. ***The grant recipient and any contractor and/or subcontractor must comply with Exhibit C, General Conditions, of the State Water Board grant agreement.***
2. Any contract and/or subcontract is between the grant recipient and the contractor. **The State and Regional Water Board Grant Managers do not review contracts or subcontracts.** The grant recipient must maintain documentation on the selection and award of contracts and subcontracts for their auditable file.
3. The grant recipient may not use a contractor or subcontractor that is on the federal excluded list of contractors. This information can be found at [www.epls.gov](http://www.epls.gov).

The terms in the grant agreement also apply to subcontractors/contractors:

- Cannot reimburse subcontractor for overhead using grant funds (can use match funds for overhead if necessary).
- Subcontractor must adhere to travel per diem rates (see Exhibit E).
- Subcontract must adhere to timeline of grant agreement, including submitting invoices in a timely manner with sufficient supporting documentation.